

# *Investor Frenzy driving Indian Capital Markets to newer highs*

**Ambit ECM: Quarterly Newsletter**

July '23



# Disclaimer

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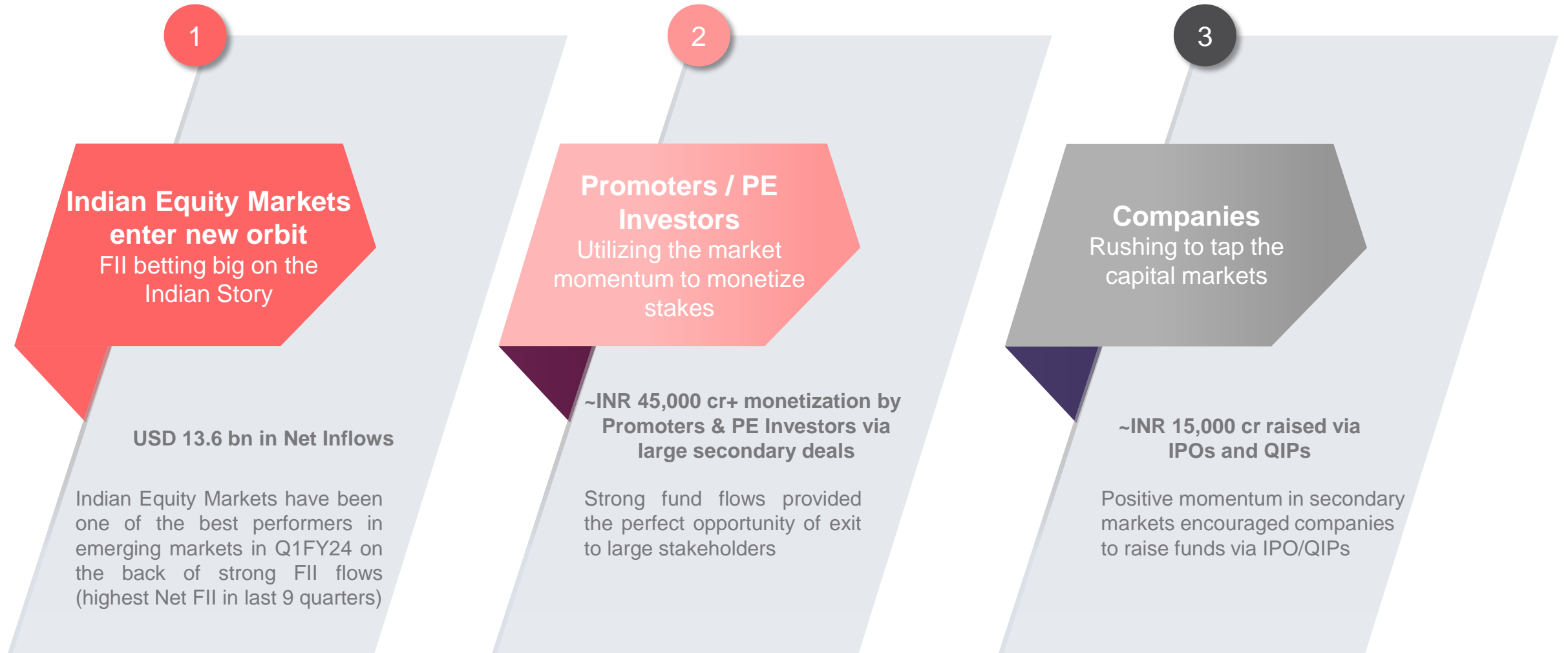
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# Q1FY24: Indian Equity Markets score a home run

We delve deeper beyond the headlines to see how various stakeholders strive to make the most out of this momentum




Note: ^Bulk and Block deals by Promoters and Investors exceeding INR 100 cr

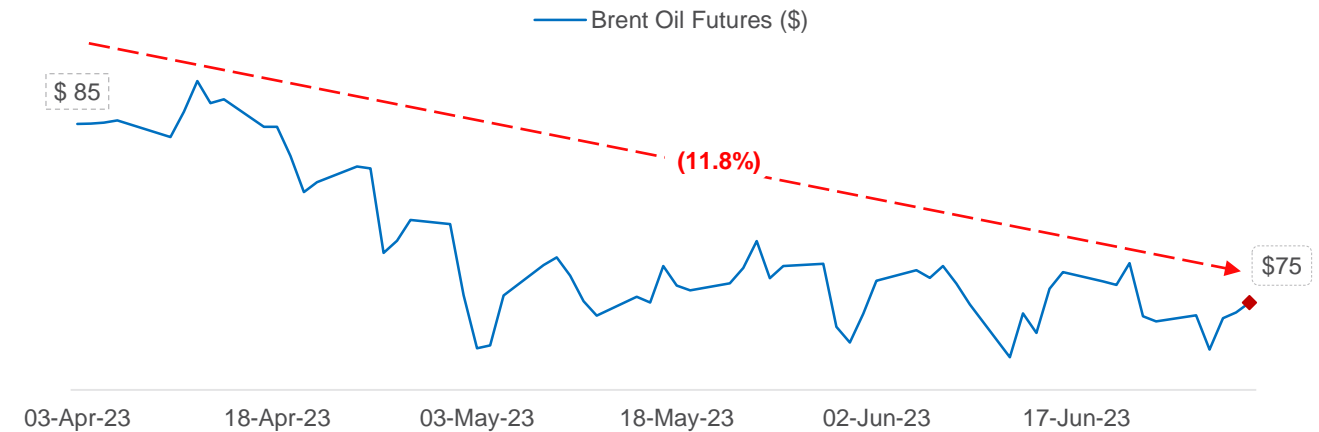
# Global equities gained momentum in Q1 FY24 on the back of cooling off of commodity prices

Indian Equity Markets have been one of the best performers in emerging markets in Q1 FY24

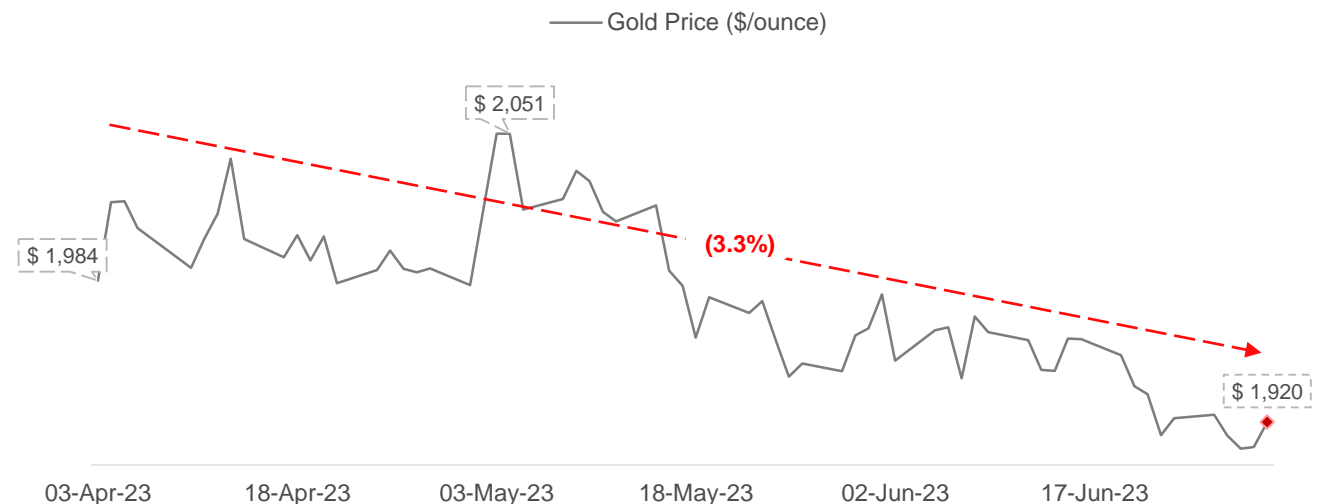
## Equity Markets Absolute Returns (%)

Period	Q1 FY24	Q4 FY23	1 Yr (LTM)
<b>Emerging Markets – Equity Indices</b>			
	10%	(4%)	22%
Brazil	16%	(5%)	20%
China	(3%)	6%	(6%)
Indonesia	(2%)	0%	(4%)
Thailand	(6%)	(5%)	(4%)
Vietnam	4%	3%	(6%)
<b>Developed Markets – Equity Indices</b>			
US	15%	21%	32%
UK	(2%)	2%	5%
Japan	18%	10%	26%
<b>Gold / Currency / Crude</b>			
Gold (\$/ounce)	(3%)	9%	6%
Gold MCX (INR)	(3%)	8%	14%
USD / INR	(0%)	(1%)	4%
Crude	(12%)	3%	(35%)

## Crude prices cooled off by ~11.8% in Q1FY24, closing at c. \$75 / barrel in Jun'23



## Gold Prices have rationalized by ~3.3% in Q1FY24, closing at c. \$1,920 / ounce in Jun'23

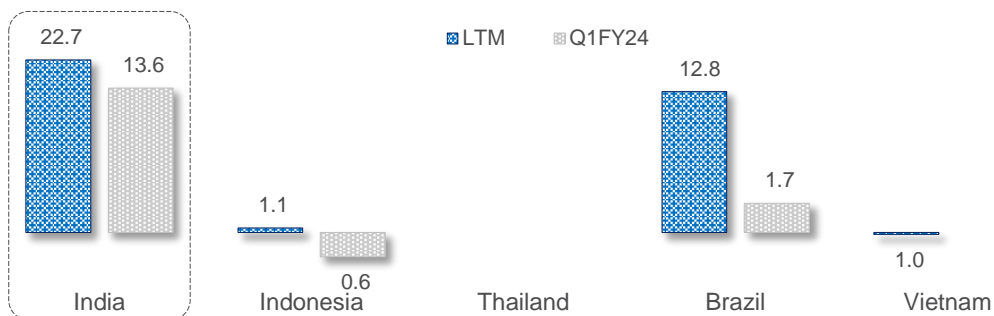


# Strong fund flows pushed Nifty to new all time highs

## India attracted highest share of Global Fund Flow into Equities in Q1FY24

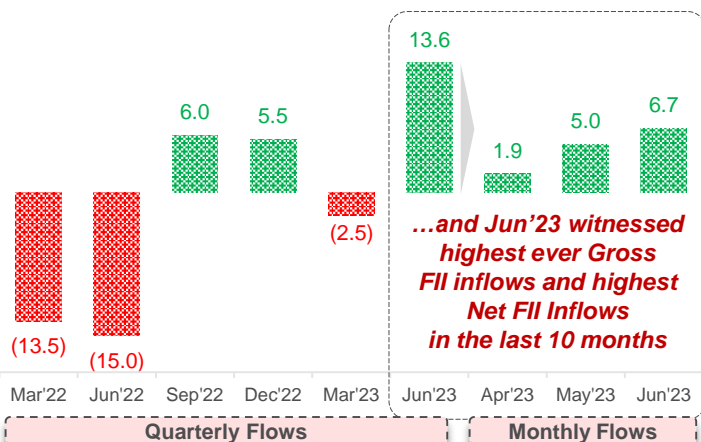
### Global Net FII Flows - Equities (USD bn)

India received highest net inflows amongst EMs in Q1FY24 as well as Last 12 months



### India Equity Market FII Flows (USD bn)

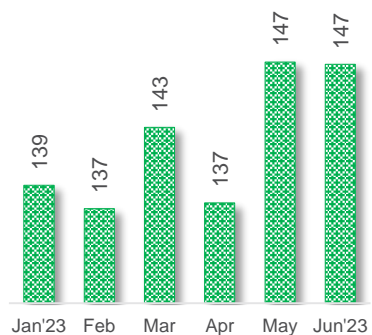
Highest Net FII flows in the last 9 Quarters...



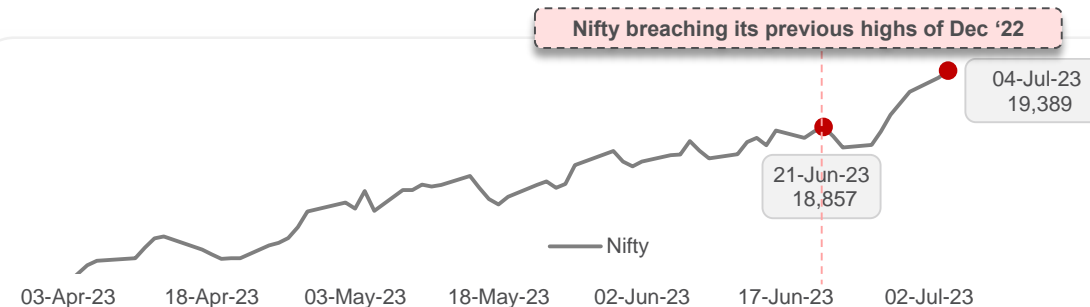
...and Jun'23 witnessed highest ever Gross FII inflows and highest Net FII Inflows in the last 10 months

### SIP Flows (INR bn)

SIP Flows continues to remain strong

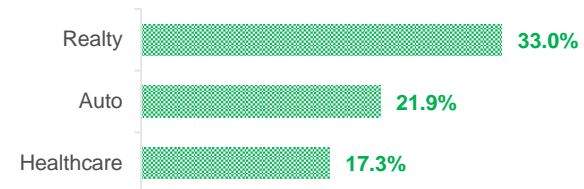


## Jun' 23 witnessed Nifty breaching previous highs of Dec'22 with strong momentum continuing in July as well

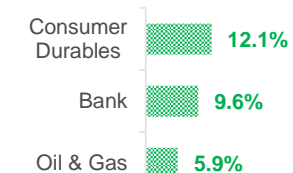


### Real estate, Auto & Healthcare were the best performing sectors in Q1FY24 (All sectors provided positive returns in the Quarter)

#### Top 3 performing sectors



#### Bottom 3 performing sectors

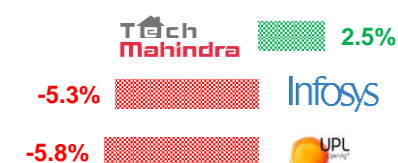


### Nifty 50: Stocks in action<sup>2</sup>

#### Top 3 performing stocks



#### Bottom 3 performing stocks





# Block Deals Mania!

Strong market momentum provided the perfect window of opportunity for large stake sales by Promoters and PE Investors

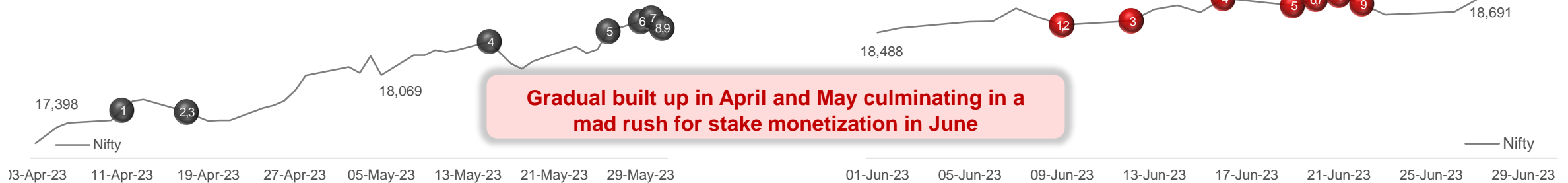
Block Deals

Apr'23 - May'23

~ INR 7,500+ cr\*

Jun'23

~ INR 40,000+ cr\*



Gradual built up in April and May culminating in a mad rush for stake monetization in June

Rank	Company	Buyer	Size (INR cr)	% Stake Sold
1	DELHIVERY	TIGERGLOBAL	388	1.6%
2	ZEE	Invesco	1,004	5.1%
3	PODANAWALLA FINCORP	Promoter	241	1.1%
4	truenorth	hffco	330	5.4%
5	Tencent	pb	562	2.1%
6	Clean Science	Promoter	565	4.0%
7	KIMS HOSPITALS	GENERAL ATLANTIC	371	2.9%
8	HDFC Life	abrdrn	2,010	1.7%
9	SONA COMSTAR	Promoter	957	3.2%
10	adani	Promoter	11,039	NA
11	airtel	WARBURG PINCUS	1,649	0.3%
12	CreditAccess Grammeen	Promoter	1,121	5.8%
1	kotak	CPP Investments	6,124	1.7%
2	CMS	BPEA IET	638	13.8%
3	GO COLORS!	SEQUOIA	625	10.2%
4	KALYAN JEWELLERS	WARBURG PINCUS	725	6.2%
5	SHIRAM	TPG	1,390	2%
6	abrdrn	HDFC	4,079	10.2%
7	TIMKEN	Promoter	2,362	10.2%
8	SHIRAM	Piramal	4,824	8.3%
9	DELHIVERY	CARLYLE	710	2.5%

Source: NSE and BSE | \*Bulk and Block deals by Promoters and PE Investors exceeding INR 100 cr | Amounts are rounded off | ^Adani Group includes Adani Enterprises, Adani Transmission and Adani Green Energy

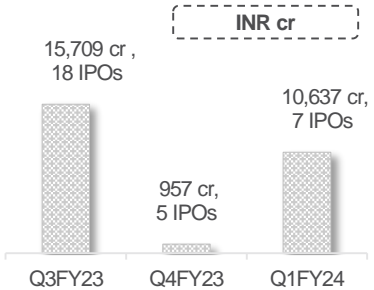
Size (INR cr) | % Stake Sold

# Primary Markets back in action, driven by the momentum in Secondary Market

Companies rushing to raise funds via IPOs / QIPs

## IPOs

### IPO fund raising – past 3 quarters



	April'23	April'23	May'23	June'23	June'23	June'23	June'23	July'23
<b>IPO Size</b>	INR 4,326 cr	INR 865 cr	INR 3,200 cr	INR 607 cr	INR 567 cr	INR 480 cr	INR 592 cr	INR 405 cr
<b>QIB Subscription</b>	49.2x	3.8x	4.8x	163.1x	125.8x	1.7x	95.9x	180.9x
<b>Total Subscription</b>	15.3x	2.3x	5.5x	67.8x	106.1x	1.62x	71.4x	73.4x
<b>Listing Gain<sup>1</sup></b>	32%	(9)%	4%	42%	93%	0%	59%	Tentative listing 14 <sup>th</sup> July
<b>Overall Gain<sup>2</sup></b>	60%	41%	12%	42%	73%	(1)%	-	-

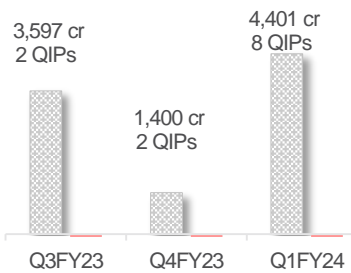
~INR 10,500 cr+ raised in Q1FY24

Highest QIB subscription in last 18 months

Note: IPOs launched in Q1FY24 | <sup>1</sup>Listing gain computed on the basis closing price on the listing date  
<sup>2</sup>Gains computed on the basis of market price as on 10<sup>th</sup> July 2023

## QIPs

### QIP fund raising – past 3 quarters



	April'23	April'23	May'23	May'23	June'23	June'23	June'23	June'23
<b>QIP Size</b>	INR 225 cr	INR 101 cr	INR 125 cr	INR 50 cr	INR 1,750 cr	INR 1,000 cr	INR 750 cr	INR 400 cr
<b>Discount<sup>3</sup></b>	12%	5%	7%	4%	3%	9%	6%	11%

~INR 4,500 cr raised in Q1FY24 of which ~INR 3,500 cr+ was raised in Jun'23

After a muted Q4FY23, primary markets are back in action

Note: QIPs considered in Q1FY24 basis the filing of final placement document | <sup>3</sup>Issue price discount basis closing price on Issue launch date

# IPO Pipeline continues to remain Robust with 13 new DRHPs filed in Q1FY24



**69** DRHPs  
With valid SEBI observations

INR **870+** bn  
Estimated value of Fund raise

With valid SEBI Observations

Awaiting SEBI Observations

**46** DRHPs



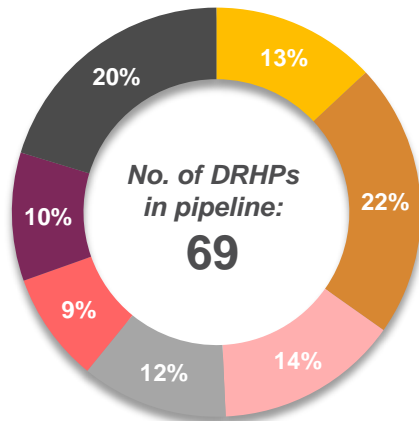
**23** DRHPs



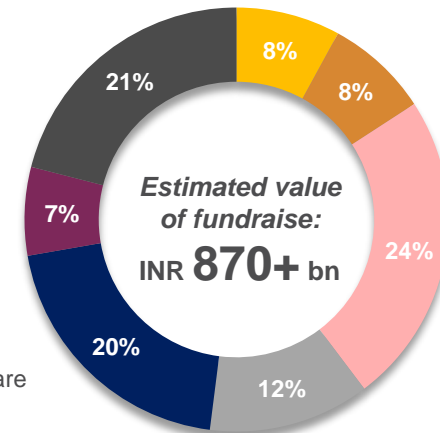
INR **540+** bn  
Estimated value of Fund raise

INR **330+** bn  
Estimated value of Fund raise

## Sector-wise IPO pipeline



BFSI and Technology sectors to lead fund raise



Filed in Q1FY24

- Chemicals
- Industrials
- Financials
- Healthcare
- Technology
- Consumer
- Others

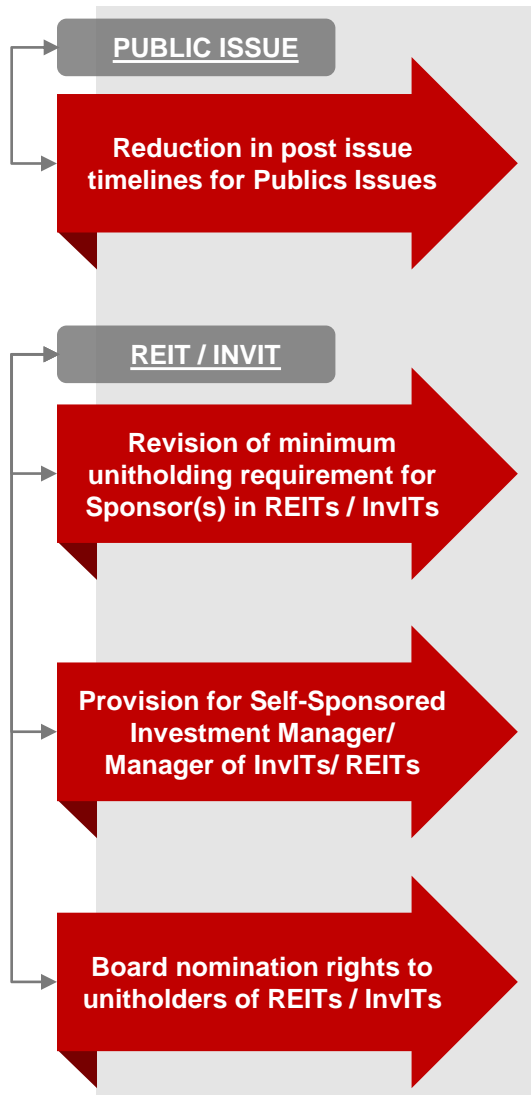
Note: DRHP SEBI observations status as on June 30, 2023 | 1 Objects of Issue excludes funds for General Corporate Purpose and Issue expenses and excludes DRHPs confidentially filed with SEBI



# Regulatory Updates: Recent amendments impacting Capital Markets

## AMENDMENTS

## OUR THOUGHTS



- The post issue timelines are being reduced from **T+6 days** to **T+ 3 days**. The revised timeline of **T+3 days** to be applicable in two phases:
  - **Phase 1 - Voluntary:** For all public issues opening on or after September 01, 2023
  - **Phase 2 - Mandatory:** For all public Issues opening on or after December 01, 2023

- Would result in quicker receipt of funds by issuer and faster allocation of shares / refund processing
- Reduction of price risk for Investors due to market volatility

- Minimum Sponsor unitholding requirement of 15% for 3 years has been extended over the entire life of the REIT/InvIT over a reducing scale
- The mandatory minimum unitholding shall be locked-in and be unencumbered

- Will ensure Sponsor(s) have enough skin in the game over long term and that the interest of the Sponsor(s) and investors is aligned during the entire life of the investment vehicles

- Introduced provisions of self-sponsored Investment Manager (IM) subject to REIT/InvIT meeting certain conditions
  - Min. listing history of 5 years
  - Atleast one Sponsor proposing to disassociate has been Sponsor for min. 5 years
  - IM meets the net worth criteria of Sponsor
  - Post conversion, IM meets the min. unitholding requirement prescribed for sponsors
  - Existing Sponsor should not control the IM post conversion

- Will provide opportunity for mature and professionally managed IM to take over the mantle of Sponsorship
- Aid in providing an additional exit option for the existing Sponsors of InvIT/ REIT

- Introduced nomination rights to unitholders with  $\geq 10\%$  of the total unitholding of the InvIT/REIT on the Board of Investment Manager

- Would ensure large investors to have a say in key decisions which may have long term material impact on overall return to unitholders

# Ambit Investment Banking: Leading ECM Platform across products



Note: Deal Values are combined for multiple deals of the same client

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